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SUBJECT: MEDIA REACTION: U.S.-BUDGET, U.S.-NASA, U.S.-CHINA, MIDDLE EAST, YEMEN, RUSSIA;BERLIN

- ¶1. Lead Stories Summary
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¶1. Lead Stories Summary

Primetime TV newscasts and almost all major papers led with stories on Chancellor Merkel's statement that she is in favor of buying data on tax dodgers even though it was obtained illegally. Headlines included: "Merkel: we want the data" (Frankfurter Allgemeine), "Merkel in favor of buying the database on tax sinners" (Sddeutsche), "Merkel is hunting tax evaders" (Bild). Frankfurter Rundschau led with the beginning of token strikes in public services. Editorials focused on the problem of tax evasion in Germany and the U.S. budget proposal.

¶2. (U.S.) Draft Budget

All papers (2/2) carried extensive reports on the President Obama's budget, noting that the budget deficit will be the highest in the U.S. since WW II. Sueddeutsche Zeitung carried a front-page report under the headline: "1.560 Billion Dollar Deficit in the U.S. Budget" and wrote in a separate report on its economic pages under the headline: "America Running up Debts As Never Before" that the deficit in the budget for FY 2010 will even exceed the record deficit for the 2009 crisis year by 150 billion dollar. But, at the same time, President Obama announced the first plans for a consolidation of the budget. President Obama said: 'We will save as much as we can, spend as much as we must, and live according to our means.' As a first step to get indebtedness under control, Obama said that he would freeze all available expenditure for three years with the exception of the defense and social security budgets."

"Obama Plans 3.800 Billion Dollar Budget," headlined Die Welt (2/2) and reported: "that debts are reaching record levels and that President Obama announced a tough austerity course." Tagesspiegel (2/2) headlined: "One Third Is Debt," and reported that "the president is now presenting concrete figures for the priorities he recently sketched out in his State of the Union Address." Financial Times Deutschland (2/2) carried a front-page report under the headline: "Debts Creating Dilemma for Obama" that "with his financial plans, U.S. President Obama is faced with a dilemma. On the one hand, there is dissatisfaction among Americans about the great indebtedness, while, on the other hand, Obama's Democrats are afraid of a sound defeat in the Congressional elections in the fall if the unemployment rate of currently ten percent does not decline by then." In a report, headlined: "Obama Gives up the Moon to Save the United States," Handelsblatt (2/2) wrote: "With 1.56 trillion dollars, the gap in the U.S. budget is as wide as never before. In order to avoid bankruptcy and to create jobs, the President relies on tough cuts."

In an editorial Sueddeutsche (2/2) argued under the headline: "State Bankruptcy 2010," that "the United States needs a general overhaul of its budget.... The figures as such are not the real problem. The enormous budget deficit of this year is mostly a product of the past - the great recession and the spending policy of the Bush era. Measured against these preconditions, Obama submitted a reasonable budget proposal. This is a first step to consolidate the budget, but no more. The real task is still to come, since Obama's budget proposal reflects the past and the presence of the country's finances but not its future. And this will result in an avalanche of costs. The crisis can be prevented only if taxes are increased

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and cost cuts - but for both measures there are no majorities in Washington. The crucial issue is not the President but Congress and the political culture in the capital that make pragmatic solutions impossible."

Die Welt (2/2) editorialized under the headline: "Careless Fiscal Policy," that "we feel a pity even for the most powerful man in the world. President Obama could have done whatever he wanted with his budget draft, he would have been criticized anyway. On the one hand, he must guarantee that the economic recovery gets a sound footing and, on the other hand, Obama must pursue a drastic consolidation course to maintain Washington's capability to act. This means Obama must achieve quite a feat, but what he presented was an unsuccessful attempt. The return to a sound fiscal policy will be postponed again. As in the previous year, the spending of the government will reach 25 percent of national economic output and even if the economy continues to grow, the deficit will hardly fall below four percent. This is careless. The president has disappointed - once again."

Tagesspiegel (2/2) argued under the headline: "Discouraging," that "in fiscal policy matters, the United States increasingly resembles the Europeans. In the economic crisis, revenue declines but the politicians lack the courage to cut spending. In his budget draft, there are billions that are based not on reason but on particular interests. In two aspects, however, the United States is different.

Even in the crisis, there are no calls for a drastic increase in taxes and the Americans are so angry at the debts that Obama could lose the majority in Congress in the fall of this year."

"Deficit Billionaire" is the headline in Frankfurter Allgemeine (2/2) which opined: "The President's budget draft rarely survives deliberations in Congress, which is keen on spending. Each program that is now to be stopped or frozen has its beneficiaries and defenders in Congress. That is why it would be a sensation if the deficit for the next year is not higher than projected. But this approach to make savings has a basic flaw: the big social security programs and the defense budget are excluded. The defense budget increases to 700 billion dollar and, for Washington's allies in Europe, this is an unimaginable sum."

Berliner Zeitung (2/2) judged under the headline: "Forced to Make Savings" that "in the crisis there is no alternative [to this draft budget] but some day in the future, the United States must change

course, otherwise it will be threatened with financial ruin. With his draft budget, Barack Obama is planning the beginning of the unavoidable consolidation. As painful as a budget ceiling may be, all this is only the beginning. A few cuts here and there won't be enough. The United States must finally address its structural deficit, since it will otherwise be threatened with enormous debt for decades to come. This is unpopular, but there will be no way around higher taxes and a reform of the social security system.... The alternative would be something like a political instability."

In an editorial, Handelsblatt (2/2) opined: "These record numbers hide a radical change of course of U.S. politics. As announced before, President Obama is radically changing course: supply side policies and unrealistic moon projects will be a thing of the past. Instead, Barack Obama is focusing on education, research and employment, and this more than ever before. After the most recent election defeats, Obama has realized: Qit's the economy, stupid!"

¶3. (U.S.) Reaction to Plans to Stop Moon Mission

Sueddeutsche Zeitung (2/2) headlined; "Moon is Becoming a Distant Goal," and wrote under the sub-headline: "Barack Obama gives NASA more Money - but Not Enough to Implement his Predecessor's Space Travel Dreams," and noted: "George Bush had a vision. At the latest

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in 2020...an American would leave his footprint on the moon, but this is not likely to come true. Bush's successor Barack Obama does not want to offer more money for such an adventure. If the U.S. Congress approves his budget plan, which is by no means sure, the moon mission would be over. Instead the President backs the privatization of manned space travel. This would be a drastic break with the previous principles of U.S. space travel.... Especially parliamentarians from Florida and Texas, which have both NASA headquarters, and where thousands of jobs are in jeopardy, do not want to accept the end to the moon mission...and they are not without a chance. In the talks about the previous budget bill, they were granted a right to veto any changes of the 'Constellation' program."

In a lengthy article, Die Welt (2/2) noted under the headline: "Obama Stops Flight to the Moon," and reported: "President Obama has now shelved his predecessor George W. Bush's space travel plans. This is probably the most drastic change of course for U.S. space travel. NASA will now have to postpone the return to the moon and the other projects of its Constellation program to a distant future." Formally, the end of the 'Constellation' program is not yet sealed, because Congress must approve the new budget and observers expect heated debates, but a drastic increase in NASA's budget cannot be expected."

"Back to Reality" headlined Tagesspiegel (2/2) and wrote: "For cost reasons, the U.S. moon program will be eliminated. In the future, private companies are to offer taxi services to the ISS space station."

Berliner Zeitung (2/2) carried a report under the headline: "The Dark Side of the Moon," and reported: "What is the price for the crisis? Well, first of all the dream of the return to the moon. In view of the financial situation, there is no money available for symbols." In another report, the daily wrote under the headline: "Return to the Moon Cancelled for the Time Being," and wrote: "Now NASA must seek new destinations for its astronauts. The good news is that NASA will now take part in the operation of the international ISS space station by 2020. This is a good sign for the other ISS partners."

¶4. (U.S.-China) Arms Shipment to Taiwan

Under the headline "Warning shot from Washington," an editorial in Sddeutsche (2/2) highlighted that "with the supplying of weapons to Taiwan, the U.S. demonstrates that it does not accept China's growing power." The paper added: "Barack Obama has sent a clear message to the Chinese leadership. The supply of weapons to Taiwan is clearly a political message... The timing and extent of the supplies make clear that Washington wants to put its irritation over

China's increasing self-confident and arrogant foreign policy on the record.... Also China's attitude at the climate conference in Copenhagen has substantially damaged relations. Chinese PM Jiabao sent a junior member of his staff to the meeting with Obama not just once, but several times, which the Americans clearly understood as an insult. The angry response shows how much Beijing has miscalculated the situation... Beijing's candid threats of retaliation show how painful Obama's message is. However, economic sanctions are a two-edged sword. China will not want to order planes only from Airbus forever. It needs the U.S. and it will return to a more realistic policy toward the U.S. after a while."

Handelsblatt (2/2) opined: "This is a new tone from Beijing. China wants to impose sanctions on U.S. companies that participate in the arms deal with Taiwan. The Chinese government has never gone so far in the past. There is no doubt: relations with the United States face a new low. China is testing Obama's persistence in the fight

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over global power claims.... U.S.-Chinese relations are deteriorating. China is probably deliberately damaging the relationship out of power calculations. China is looking for an independent profile at a time when the U.S. is financially, economically and politically wavering."

15. (Middle East) Goldstone Report

Frankfurter Allgemeine (2/2) editorialized: "The so-called Goldstone report of the UN on the Gaza War has damaged the international reputation of the Israeli army - and that of Israel.... It is good that Israel has kept quiet about its historically known aversion to the UN and the Goldstone Report to investigate the allegations. The support for the country's security interests also depends on whether the violation of martial law is investigated. Although appropriateness means something else in a country that is constantly at war..., threats cannot justify the unlimited use of force."

16. (Yemen) Anti-Terror Measures

FT Deutschland (2/2) commented: "President Salih wants to have the best of both worlds. He wants to get into the extremists' good books while pleasing the Americans at the same time. The longtime ruler of Yemen does not care about leading his country out of its poverty. He wants to stay in power. Salih and his entourage therefore do not care much that two-thirds of the Yemenite people chew Khat at midday - a drug that is illegal in the West and the neighboring country of Saudi Arabia. It is a serious obstacle to the country's development. As long as there is no good governance in Yemen and the society does not open up, the prospects for development will be small, regardless of how much money the West provides. The U.S. and Europe cannot pick the president of Yemen, but they can bring their influence to bear when it comes to development aid and the approach to al Qaida. Only then is the fight against terrorism and underdevelopment not lost right from the beginning."

17. (Russia) Demonstrations in Kaliningrad, Moscow

Die Welt (2/2) dealt with the most recent protests in Kaliningrad and editorialized under the headline: "Citizens onto the Barricades" that "the Medvedev-Putin tandem in Moscow saw the writing on the Kremlin's walls over the weekend. For more than nine years, such a large demonstration has not taken place in Kaliningrad. Together with the demands in St. Petersburg and Moscow for complying with the constitution and the protests in Tomsk against the fatal arbitrariness of the militia forces, a potential for unrest could develop that could even be intensified through ignorant decisions of the bureaucratic apparatus. In Kaliningrad, the protesters for the first time turned against the political leadership in Moscow. For the first time, Vladimir Putin was confronted with calls to step down. The economic climate has become rougher and money is no longer available for everyone. This means that the possibilities of the system of 'vertical power' will deteriorate. Protesters demanded the right to elect the governor, a move Putin abolished

seven years ago without producing resistance. But the powers-that-be are unable to deal with such a form of resistance. If they continue to make international intelligence services responsible for the increasing uneasiness and continue to turn the thumbscrews, such a policy will lead into a dead-end street."

die tageszeitung (2/2) centers on protests in Russia in general and observed under the headline: "Fear of Poverty Revolts" that "the systematic persecution of dissidents and the disrespect for human and citizens rights is an everyday fact in Russia. Little has changed under President Medvedev despite announcements the opposite.

The fact that the security forces are using brute force against the

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protesters allows one conclusion: The Kremlin is getting nervous. There have good reason to be, because the economic crisis has hard hit the country. Unemployment is rapidly rising, and the impoverishment of many people continues to increase. And if there is a reason for Russians to take to the streets, then it is the need to give vent to their unease about the deteriorating economic situation. That is why it cannot be ruled out that the government could soon face mass protests. In the long run, clubs, arrests, and fines will then no longer suffice."

MURPHY